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UNIVERSITY OF NEW ORLEANS FOUNDATION

Financial Statements and Additional
Information for the Year Ended June 30,
2001 and Independent Auditors' Report

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-9-02

UNIVERSITY OF NEW ORLEANS FOUNDATION

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5
SUPPLEMENTAL SCHEDULE - UNIVERSITY OF NEW ORLEANS ATHLETIC ASSOCIATION STATEMENT OF REVENUE, SUPPORT AND EXPENSES	13
SUPPLEMENTAL SCHEDULE - UNIVERSITY OF NEW ORLEANS ALUMNI ASSOCIATION STATEMENT OF REVENUE, SUPPORT AND EXPENSES	14
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	15

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**Deloitte
& Touche**

INDEPENDENT AUDITORS' REPORT

Board of Directors
University of New Orleans Foundation
New Orleans, Louisiana

We have audited the accompanying statement of financial position of the University of New Orleans Foundation (the "Foundation") as of June 30, 2001, and the related statements of activities and cash flows for the year then ended. We previously audited and reported upon the financial statements for the year ended June 30, 2000, which condensed statements are presented for comparative purposes only. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 3 to the financial statements, during the year ended June 30, 1997, an act of donation was executed whereby a collection of artwork was donated to the Foundation. The fair value of the artwork is unknown and the donation is subject to completion of certain conditions; accordingly, it is not recognized in the June 30, 2001 financial statements. Management intends to have an appraisal performed to determine the fair value of the artwork once all conditions required by the donation have been satisfied, and such amount will be recognized in the financial statements at that time.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2001, and the changes in its net assets and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2001 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Foundation taken as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the Foundation's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

December 21, 2001

Deloitte
Touche
Tohmatsu

UNIVERSITY OF NEW ORLEANS FOUNDATION

STATEMENT OF FINANCIAL POSITION JUNE 30, 2001 AND 2000

	2001	2000
ASSETS		
Accounts receivable	\$ 709,057	\$ 571,534
Contributions receivable, net	3,208,754	3,618,737
Due from U.S. government	-	200,981
Investments, at market value	42,191,186	44,338,888
Real estate held for investment or development, net	7,435,004	4,640,893
Other assets	274,597	161,610
Plant assets, net	896,132	879,236
Museum collections	739,200	739,200
TOTAL ASSETS	<u>\$55,453,930</u>	<u>\$55,151,079</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Managed cash overdraft	\$ 616,273	\$ 38,199
Accounts payable and accrued expenses	995,243	659,662
Due to the University	240,378	300,378
Funds invested for others	10,759,134	10,263,613
Notes payable	2,844,953	2,716,292
Obligations under capital lease	896,770	-
Due to affiliates	1,363,644	1,621,600
Total liabilities	<u>17,716,395</u>	<u>15,599,744</u>
NET ASSETS:		
Unrestricted	2,634,538	3,778,440
Temporarily restricted	9,955,373	10,653,338
Permanently restricted	25,147,624	25,119,557
Total net assets	<u>37,737,535</u>	<u>39,551,335</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$55,453,930</u>	<u>\$55,151,079</u>

See notes to financial statements.

UNIVERSITY OF NEW ORLEANS FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2001, WITH COMPARATIVE TOTALS FOR JUNE 30, 2000

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2001	2000
REVENUES:					
Contributions and bequests	\$ 177,909	\$ 2,342,623	\$ 1,179,790	\$ 3,700,322	\$ 7,687,667
Net investment income (losses)	89,923	(805,992)	(117,798)	(833,867)	2,245,950
Public grants	-	244,667	-	244,667	362,000
Rental income	1,026,009	59,663	-	1,085,672	1,006,930
Other	720,991	461,897	15,230	1,198,118	1,021,234
Net assets released from restrictions - satisfaction of program restrictions	4,049,978	(4,049,978)	-	-	-
Transfer of restricted losses to permanently restricted endowment principal	-	1,049,155	(1,049,155)	-	-
Total revenues	<u>6,064,810</u>	<u>(697,965)</u>	<u>28,067</u>	<u>5,394,912</u>	<u>12,323,781</u>
EXPENSES:					
Program services	3,844,953	-	-	3,844,953	2,853,195
Transfer to University/Alumni	1,488,782	-	-	1,488,782	2,133,007
Transfer to State - Ogden Museum	-	-	-	-	474,093
General and administrative	432,900	-	-	432,900	334,096
Fund raising	389,168	-	-	389,168	334,035
Rental expenses, excluding depreciation	819,097	-	-	819,097	980,381
Depreciation	<u>233,812</u>	<u>-</u>	<u>-</u>	<u>233,812</u>	<u>192,075</u>
Total expenses	<u>7,208,712</u>	<u>-</u>	<u>-</u>	<u>7,208,712</u>	<u>7,300,882</u>
CHANGE IN NET ASSETS	(1,143,902)	(697,965)	28,067	(1,813,800)	5,022,899
BEGINNING NET ASSETS	<u>3,778,440</u>	<u>10,653,338</u>	<u>25,119,557</u>	<u>39,551,335</u>	<u>34,528,436</u>
ENDING NET ASSETS	<u>\$ 2,634,538</u>	<u>\$ 9,955,373</u>	<u>\$ 25,147,624</u>	<u>\$ 37,737,535</u>	<u>\$ 39,551,335</u>

See notes to financial statements.

UNIVERSITY OF NEW ORLEANS FOUNDATION

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2001 AND 2000

	2001	2000
OPERATING ACTIVITIES:		
Change in net assets	\$ (1,813,800)	\$ 5,022,899
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	233,812	192,075
Realized gain on investments, net	(351,451)	(1,853,903)
Unrealized loss on investments, net	2,217,132	377,726
Restricted net assets received	(2,999,498)	(7,255,606)
Transfer of plant assets to University	40,311	211,427
Donated real estate	-	(500,000)
Changes in assets and liabilities:		
Accounts receivable	(137,523)	(202,185)
Contributions receivable	409,983	352,324
Due from U.S. government	200,981	194,738
Other assets	(112,987)	(27,751)
Managed cash overdraft	578,074	38,199
Accounts payable and accrued expenses	335,581	456,648
Due to the University	(60,000)	-
Due to affiliates	(257,956)	(165,369)
Net cash used in operating activities	<u>(1,717,341)</u>	<u>(3,158,778)</u>
INVESTING ACTIVITIES:		
Purchases of plant assets	(156,326)	(45,769)
Purchases of real estate and related improvements	(1,650,116)	(155,371)
Net decrease (increase) in investments	282,021	(5,532,179)
Increase in funds invested for others	<u>495,521</u>	<u>1,505,234</u>
Net cash used in investing activities	<u>(1,028,900)</u>	<u>(4,228,085)</u>
FINANCING ACTIVITIES:		
Contributions for endowment funds	1,218,571	3,102,304
Contributions for temporarily restricted net assets	1,780,927	4,153,302
Repayment of notes payable and capital lease obligation	<u>(253,257)</u>	<u>(163,503)</u>
Net cash provided by financing activities	<u>2,746,241</u>	<u>7,092,103</u>
DECREASE IN CASH	-	(294,760)
CASH, BEGINNING OF YEAR	<u>-</u>	<u>294,760</u>
CASH, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

NONCASH ACTIVITIES:

The Foundation entered into capital lease obligations in 2001 in the amount of \$963,688 for property improvements.

The Foundation financed the purchase of property in 2001 through the issuance of a note payable in the amount of \$315,000.

See notes to financial statements.

UNIVERSITY OF NEW ORLEANS FOUNDATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2001 AND 2000

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation, a registered non-profit corporation, was established in 1984 with a mission of serving the University of New Orleans (the University) by raising private sector funds for the advancement of the University. The financial statements include the operations of the University of New Orleans Studio Center.

The financial statements of the Foundation have been prepared on the accrual basis. The significant accounting policies followed in the preparation of the accompanying financial statements are described below:

Basis of Presentation - The Foundation follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations," which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and the classifications of resources into three separate classes of net assets as follows:

- **Unrestricted** - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- **Temporarily Restricted** - Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to those stipulations.
- **Permanently Restricted** - Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Contributions - Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Income or loss on investments, including realized and unrealized gains and losses on investments, interest and dividends, are allocated equitably to the participating funds. Investment gains on restricted net assets are classified consistent with the related investment income unless specific donor or legal restrictions dictate otherwise.

Real Estate - Real estate is held for investment or development purposes and is recorded at cost or fair market value on the date donated. Real estate (excluding land) is depreciated over 40 years on a straight-line basis.

Plant Assets and Depreciation - Assets acquired are stated at cost, net of accumulated depreciation. Assets donated are carried at fair market value on date of donation, net of accumulated depreciation. Depreciation of buildings, furnishings and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis ranging from three years for vehicles and equipment to 40 years for buildings.

Collections - At June 30, 2001, collections consist of a replica of the Higgins landing craft constructed for the Foundation through donated labor and materials as well as various archeological exhibits owned by the Foundation. The Higgins landing craft is on permanent display at the National D-Day Museum which opened in June, 2000. The Foundation does not record depreciation on its collections because depreciation is not presently required to be recognized on individual works of art or historical treasures whose economic benefit or service potential is used so slowly that their estimated useful lives are extraordinarily long.

Funds Invested for Others - Funds invested for others represent funds held in trust for others. These amounts are not owned by the Foundation and the related net income is not earned by the Foundation, but is added directly to the assets of the funds invested for others (see Note 10).

Income Taxes - Income taxes have not been provided for in the financial statements as the Foundation was organized as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and is, therefore, of tax exempt status.

Reclassifications - Certain reclassifications have been made to prior year balances in order to conform with current year classifications.

2. INVESTMENTS

Investments are composed of the following at June 30, 2001 and 2000:

	2001		2000	
	Cost	Market	Cost	Market
Corporate stocks	\$24,377,941	\$26,274,697	\$24,343,859	\$28,904,988
Corporate bonds	4,557,618	4,542,342	2,646,301	2,486,837
U.S. government obligations	6,034,769	5,473,212	8,780,600	7,915,990
Money market funds	5,733,477	5,733,477	4,860,651	4,860,651
Mortgage notes	167,458	167,458	170,422	170,422
	<u>\$40,871,263</u>	<u>\$42,191,186</u>	<u>\$40,801,833</u>	<u>\$44,338,888</u>

Investment income (losses) are reported net of investment expenses in the accompanying financial statements. Net investment income (losses) are comprised of the following at June 30, 2001 and 2000:

	2001	2000
Interest and dividends	\$ 1,133,317	\$ 857,034
Realized gains	351,451	1,864,100
Unrealized losses, net	(2,217,132)	(377,726)
Investment expenses	<u>(101,503)</u>	<u>(97,458)</u>
	<u>\$ (833,867)</u>	<u>\$ 2,245,950</u>

3. REAL ESTATE HELD FOR INVESTMENT OR DEVELOPMENT

In November 1993, the Foundation acquired by donation a 120,000 square foot office building located in downtown New Orleans valued at approximately \$2.4 million. The building was subsequently upgraded to house the University of New Orleans Technology Enterprise Center. Approximately 50% of the building houses new and growing businesses (including a business incubator) with the remaining space housing activities of the University of New Orleans and the LSU Medical Center.

On December 30, 1994 the Foundation purchased a complex of buildings in the Lee Circle area of downtown New Orleans from a private company. The properties were purchased for \$3.2 million which was entirely financed by a local bank (see Note 6). The seller of the properties is leasing back approximately 22% of the available space to use as corporate offices for \$32,522 per month through 2019, adjusted for increases or decreases in the bank loan's floating interest rate. The remainder of the property will be used to develop the Ogden Museum of Southern Art and to form the nucleus of the UNO Fine Arts Department. A capital campaign is being conducted to raise the necessary funds together with State grants to complete development of these properties.

During 1999, the Foundation transferred to the State of Louisiana land held for the Ogden Museum development with a carrying value of \$322,025 and funds of \$2,418,000 representing amounts previously collected from donors to fund the Museum's development. Upon completion of construction, the State will transfer the Museum property to the University.

In December 1996, an act of donation was executed whereby a collection of artwork was donated to the Foundation. The donor is to maintain custody of the artwork until the art museum is completed. The donor agreed to maintain insurance against loss or damage of the artwork, designating the Foundation as the named insured. As of June 30, 2001, the fair value of the artwork has not been established. Once the artwork is in possession of the Foundation, an appraisal will be performed to determine the fair value of the artwork and such amount will be recognized in the financial statements at that time.

At June 30, 2001 and 2000 real estate consists of the following:

	2001	2000
Land	\$ 1,893,467	\$ 1,737,217
Buildings	5,569,957	3,924,132
Construction in progress - Ogden Museum	<u>1,126,731</u>	<u>-</u>
	8,590,155	5,661,349
Less accumulated depreciation	<u>(1,155,151)</u>	<u>(1,020,456)</u>
	<u>\$ 7,435,004</u>	<u>\$ 4,640,893</u>

4. PLANT ASSETS AND DEPRECIATION

At June 30, 2001 and 2000 plant assets are as follows:

	2001	2000
Land	\$ 209,000	\$ 209,000
Buildings	491,000	491,000
Equipment	634,432	620,732
Vehicles	<u>65,140</u>	<u>57,565</u>
	1,399,572	1,378,297
Less accumulated depreciation	<u>(598,180)</u>	<u>(499,061)</u>
Property, net	801,392	879,236
Construction in process	<u>94,740</u>	<u>-</u>
Total property, net	<u>\$ 896,132</u>	<u>\$ 879,236</u>

5. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category and are stated at fair value based on the discounted present value of expected future cash flows.

Contributions receivable are expected to be realized in the following periods:

In one year or less	\$1,513,742
Between one year and five years	2,474,483
More than five years	<u>215,328</u>
	4,203,553
Less: Present value discount of \$449,577 and allowance for uncollectible pledges of \$545,222	<u>(994,799)</u>
	<u>\$3,208,754</u>

Contributions receivable at June 30, 2001 have the following restrictions:

Temporarily restricted by donor imposed stipulations for university programs and activities	\$1,572,550
Endowment for university programs and activities	<u>1,636,204</u>
	<u>\$3,208,754</u>

6. NOTES PAYABLE

	2001	2000
Note payable to the University of New Orleans Foundation-Endowment Fund Trust, payable in monthly installments of principal and interest of \$1,233 until maturity in 2023. The note bears interest at 7% and is secured by land and building.	\$ 167,458	\$ 170,422
Note payable to a bank, payable in monthly installments of principal and interest of \$32,522, and a final installment of principal and accrued interest of approximately \$1.7 million due on December 31, 2009. The note bears interest at a floating rate (8.41% at June 30, 2001) and is secured by land and buildings and a lease (see Note 3).	2,362,495	2,545,870
Note payable to a corporation, interest only beginning September 2001 and each year thereafter until note paid in full. Principal balance payable September 2003. The note bears interest at 6% and is secured by land and building.	<u>315,000</u>	<u>-</u>
Total	<u>\$2,844,953</u>	<u>\$2,716,292</u>

Annual maturities of long-term debt are as follows:

	Amount
2002	\$ 199,482
2003	217,120
2004	550,882
2005	106,483
2006	4,202
Thereafter	<u>1,766,784</u>
Total	<u>\$2,844,953</u>

Interest paid during 2001 and 2000, all of which was charged to operations, approximated \$342,567 and \$247,255, respectively.

7. CAPITALIZED LEASES

The Foundation leases building equipment under long-term leases. Future minimum payments for capitalized leases as of June 30, 2001 are as follows:

2002	\$ 87,208
2003	87,208
2004	87,208
2005	87,208
2006	87,208
Subsequent to 2006	<u>1,177,302</u>
Total minimum lease payments	1,613,342
Lease amount representing interest	<u>(716,572)</u>
Present value of minimum lease payments	<u>\$ 896,770</u>

Assets recorded under capital lease and included in real estate held for investment or development consist of:

Building equipment	\$ 968,627
Less accumulated amortization	<u>(32,123)</u>
	<u>\$ 936,504</u>

8. NET ASSETS

Temporarily and permanently restricted net assets are restricted to the following at June 30, 2001 and 2000:

	2001	2000
Temporarily restricted:		
Building Funds	\$ 3,903,651	\$ 4,482,178
Scholarships	489,846	702,031
Artifacts	711,000	711,000
Research	735,669	562,162
Educational Studies - Program	2,796,982	2,862,590
Departmental Development	<u>1,318,225</u>	<u>1,333,377</u>
Total temporarily restricted	<u>\$ 9,955,373</u>	<u>\$ 10,653,338</u>
Permanently restricted:		
Scholarships	\$ 2,824,647	\$ 2,561,262
Faculty - Salary Supplements	1,338,003	1,363,562
Research	9,196,328	9,055,240
Educational Studies - Program	9,548,463	10,058,979
Departmental Development	<u>2,240,183</u>	<u>2,080,514</u>
Total permanently restricted	<u>\$ 25,147,624</u>	<u>\$ 25,119,557</u>

9. NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

	2001	2000
Purpose restrictions accomplished:		
Program services	\$3,832,608	\$5,011,165
Fund raising	60,649	44,464
Equipment purchases	153,353	153,337
Miscellaneous	<u>3,368</u>	<u>52,260</u>
	<u>\$4,049,978</u>	<u>\$5,261,226</u>

10. THE LOUISIANA ENDOWMENT TRUST FUND FOR EMINENT SCHOLARS

One of the Foundation's primary objectives is to raise funds to provide endowed professorships and chairs to the University. The Louisiana Endowment Trust Fund for Eminent Scholars was created by the Louisiana legislature in 1983 to provide state funds as a challenge grant to eligible public and private institutions which would be responsible for providing matching funds obtained from gifts. Endowed professorships are established at \$100,000 and endowed chairs at \$1,000,000 with the State providing 40% of the funding once the Foundation has acquired 60% of the principal through private gifts. The University is allowed to apply for the 40% match while maintaining the 60% private gift in the Foundation. Funds are pooled for investment purposes in the Foundation but the State's 40% match is recognized as a liability to the University under the caption "Funds Invested For Others". The balance of funds invested for others at June 30, 2001 and 2000 that was attributable to the Eminent Scholars Program was \$10,759,134 and \$10,258,572, respectively.

11. FUNCTIONAL EXPENSES

Expenses during the year ended June 30, 2001 were incurred for:

	Program Support	General and Administrative	Fund Raising	Total Expenses
Interest expense	\$ 333,201	\$ 9,366	\$ -	\$ 342,567
Contract services	1,146,486	8,100	125,802	1,280,388
Official functions (entertainment)	326,029	5,645	40,763	372,437
Transfer to University/Alumni	1,488,782	-	-	1,488,782
Depreciation expense	233,812	-	-	233,812
Personnel costs	150,292	331,971	167,750	650,013
Property maintenance and rent	819,097	11,987	3,556	834,640
Office supplies and services	258,170	18,411	32,249	308,830
Professional fees	323,448	23,900	570	347,918
Utilities	78,140	9,896	2,685	90,721
Other miscellaneous expenses	<u>1,229,187</u>	<u>13,624</u>	<u>15,793</u>	<u>1,258,604</u>
	<u>\$6,386,644</u>	<u>\$432,900</u>	<u>\$389,168</u>	<u>\$7,208,712</u>

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

12. RELATED PARTY TRANSACTIONS

The Foundation administers the financial assets and maintains the financial records of The School Leadership Foundation, the UNO Alumni Association, the UNO Athletic Association and other entities affiliated with the University. Prior to June 30, 2000, the Foundation also maintained the financial records of The National D-Day Museum. Amounts due to affiliates represent funds collected by the Foundation on behalf of these affiliates in excess of expenditures made on behalf of these affiliates.

During 2001, the Foundation transferred to the University equipment with a carrying value of \$40,311.

For the convenience of the University, the Chancellor of the University occupies a residence owned by the Foundation for a monthly rental of \$833. One of the Foundation's Endowment Fund Trust accounts holds the mortgage for the Chancellor's residence (see Note 6).

In the normal course of business, the Foundation reimburses the University for certain expenses. Included in expenses for 2001 and 2000 is \$96,556 and \$5,485, respectively, which are reimbursements due to the University. At June 30, 2001 and 2000, funds due to the University totaled \$240,378 and \$300,378, respectively.

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UNIVERSITY OF NEW ORLEANS FOUNDATION

SUPPLEMENTAL SCHEDULE - UNIVERSITY OF NEW ORLEANS ATHLETIC ASSOCIATION STATEMENT OF REVENUE, SUPPORT AND EXPENSES YEAR ENDED JUNE 30, 2001

REVENUE AND SUPPORT:

Program revenues	\$1,274,814
Contributions and bequests	112,234
Investment income	384
Gain on sale of property	6,500
Other	<u>61,587</u>

Total revenue and support	<u>1,455,519</u>
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EXPENSES:

Program support	1,348,507
General and administrative	160,527
Fund raising	<u>406</u>

Total expenses	<u>1,509,440</u>
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EXCESS OF EXPENSES OVER REVENUE AND SUPPORT	<u>\$ (53,921)</u>
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UNIVERSITY OF NEW ORLEANS FOUNDATION

SUPPLEMENTAL SCHEDULE - UNIVERSITY OF NEW ORLEANS ALUMNI ASSOCIATION STATEMENT OF REVENUE, SUPPORT AND EXPENSES YEAR ENDED JUNE 30, 2001

REVENUE AND SUPPORT:

Contributions and bequests	\$ 229,059
UNO Foundation support	142,800
Investment income	27,059
Other	<u>34,553</u>

Total revenue and support	<u>433,471</u>
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EXPENSES:

Program services	199,503
General and administrative	58,098
Fund raising	<u>72,400</u>

Total expenses	<u>330,001</u>
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EXCESS REVENUE AND SUPPORT OVER EXPENSES	<u>\$ 103,470</u>
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON THE
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
University of New Orleans Foundation
New Orleans, Louisiana

We have audited the financial statements of the University of New Orleans Foundation (the "Foundation"), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 21, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, others within the Foundation and officials of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

December 21, 2001